

High-Velocity Economic Development for Utah

Current Situation:

- Travelers and tourists in Utah spend over \$4.6 billion annually in Utah.
- Tourism and travel-related employment accounts for over 100,000 non-agricultural jobs in Utah.
- The tourism industry provides tax relief of \$444 per housing unit in Utah.
- According to a study by Wirthlin Worldwide, 7.1 million adults say they are more likely to vacation in Utah as a result of the 2002 Olympic Winter Games. Advertising invitations need to trigger this new revenue.
- Utah has been losing market share at about the same rate that its tourism marketing budget has been declining.
- Competition is fierce. The total budget for the Arizona Office of Tourism is \$15.6 million. New Mexico: \$14 million. Wyoming: \$9.1 million. *Utah: \$3.9 million (less than half the western average of \$8.2 million).*

Return On Investment:

- According to an advertising effectiveness study by NFO Plog Research (now known as TNS – one of the world's largest market information research companies), for every \$1 spent on branding Utah, \$8.64 is generated in tax revenue.
 - Survey mailed-out in Winter & Spring of 2003 to people in 11 Western States plus three test markets – Los Angeles, Dallas, and Las Vegas.
 - 6,747 qualified respondents returned the questionnaire and had traveled in the past 12 months.
 - To be counted in the ROI calculation, respondents had to say:
 - 1) They saw the Utah! ad.
 - 2) The ad caused them to book a trip to Utah or lengthen their stay and/or visit more attractions.
 - 3) They actually visited the state.
 - Utah's ROI figure is about in the middle compared to ROI's of other states.
 - The ROI figure is conservative – people who did not say the ad impacted their decision were not counted.
 - Professors at the Institute for Outdoor Recreation and Tourism at Utah State University reviewed the methodology of the NFO Plog study.
 - They found the methodology to be "reasonable and consistent with standard practice".
 - They found the results to be valid.

Economic Impact from a \$10 Million Utah Advertising Campaign:

After the advertising takes effect in 18 to 24 months:

- An additional 3.8 million visitors would spend \$1.08 billion at Utah businesses.
- \$86.4 million of tax revenue
 - State Tax Revenue: \$63.6 million
 - Local Tax Revenue: \$22.8 million
 - Potential tax relief for Utah households would go from \$444 to \$549.
- More visitors mean more jobs in Utah!

High-Velocity Economic Development Legislation (S.B. 7 – Funding for Tourism):

- THIS IS NOT A TAX INCREASE. Invest a small percentage of the annual GROWTH in sales tax revenue from tourism-related businesses in a Tourism Performance Marketing Fund used strictly for tourism marketing.
- PERFORMANCE-BASED – The performance of the travel and tourism industry determines how much money goes into the fund.
- ACCOUNTABILITY – The Utah Division of Travel Development will be required to report to the legislature on the performance of the fund.
- TRAVEL DEVELOPMENT BOARD – This board will have industry and geographical representation, and authority to approve a program of advertising, marketing, and branding
- PERFORMANCE-BASED FUNDING used for:
 - AGGRESSIVE POSITIONING OF THE UTAH! BRAND resulting in a significant increase in demand.
 - CO-OP ADVERTISING with local counties and non-profit destination marketing organizations (participation is voluntary) to leverage state resources and increase exposure for local destinations and attractions.

Strong Support for High-Velocity Economic Development

- The following groups support performance-based funding for the Utah Division of Travel Development:

Utah Tourism Industry Coalition
Utah Dept. of Community & Economic Development
Utah Hotel & Lodging Association
Utah Association of Counties
Utah Travel Regions Association
Utah Small Cities, Inc.
Utah Campground Owners Association
Governor's Rural Partnership Board
Moab Area Travel Council
Rural Development Legislative Liaison Committee
St. George Area Convention & Visitors Bureau
Salt Lake Area Chamber of Commerce
Salt Lake Valley Lodging Association
Heber Valley Chamber of Commerce
Ogden-Weber Convention & Visitors Bureau
Marriott International
Box Elder County Economic Development & Tourism
Cedar City-Brian Head Tourism & Convention Bureau
St. George Area Chamber of Commerce
Utah Guides & Outfitters
Davis Area Convention & Visitors Bureau
Utah Shakespearean Festival
Salt Lake Downtown Alliance
Park City Lodging Association
Utah Valley Convention & Visitors Bureau

Utah Travel Council
Utah Ski & Snowboard Association
Utah Restaurant Association
Utah Sports Commission
Utah Tour Guide Association
Utah Air Travel Commission
Utah State Chamber of Commerce
Workforce Services/Economic Development Interim
Legislative Committee
Grand County Council
Salt Lake Convention & Visitors Bureau
Salt Lake City Dept. of Airports
Park City Chamber/Bureau
Golden Spike Empire Travel Region
Garfield County Travel Council
Institute for Outdoor Recreation & Tourism (USU)
Four Corners School of Outdoor Education
Wayne County Travel Council
Price Small Business Development Center
Carbon County Chamber of Commerce
Kane County Office of Tourism & Film Commission
Carbon County Travel Bureau
Utah Heritage Industry Alliance
Utah Cultural Alliance

For more information including a draft of the bill (S.B. 7), go to:
<http://travel.utah.gov> and click on Performance-Based Funding.